



# NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE  
March 4, 2004

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## **TREASURER ANGELIDES NAMES FINANCING TEAM FOR \$15 BILLION ECONOMIC RECOVERY BONDS**

SACRAMENTO, CA – Treasurer Phil Angelides today named the financing team of underwriters, financial advisors and attorneys that will assist the Treasurer's Office in the sale of the \$15 billion Economic Recovery Bonds (ERBs) approved Tuesday by voters.

The ERB Financing Team named today is identical to the team that has been working to prepare the sale of the Fiscal Recovery Bonds (FRBs), which was approved by the Legislature and then-Gov. Gray Davis as part of the current-year budget package. The FRBs have been tied up in litigation and are expected to be replaced by the voter-approved ERBs. Angelides said the decision to choose the same team members was based on the fact that the FRB team has already made great strides in regard to structuring the bond sale and in preparing the bond-sale documents. The Treasurer said that much of the FRB work already completed can easily be transferred to the ERBs, helping to expedite the sale of the ERBs and reduce costs to the State and its taxpayers.

The 17 firms originally named to the FRB financing team were selected through a competitive process, following a request for qualifications. In making the selections, the State Treasurer's Office considered the firms' banking and underwriting experience, and their ability to help the State market the bonds in a cost-effective manner.

Lehman Brothers has been named as the ERB lead banker, or book-running senior manager, for the initial phase of the bond sale, along with nine other investment banks as co-senior managers. Additional co-managers will be added later, as the Treasurer's Office gets closer to the sale date. Orrick Herrington & Sutcliffe has been named as the ERB bond counsel. (The entire ERB Financing Team membership is attached.)

According to a timetable the Treasurer released this week, the Treasurer's Office will issue the ERBs in June as General Obligation (GO) bonds – backed by the full faith and credit of the State – through an approach known as a negotiated sale. In the past, the State has issued GO bonds in competitive sales, when they were considerably smaller in size, typically less than \$1 billion. But today, the negotiated sale has become the convention across the country for large and complex bond sales, because it enables the State to use an underwriting team to appropriately market and distribute the bonds.

For example, a competitive sale does not allow the State to have a retail order period, during which individual investors can purchase bonds. In the State's most recent \$2 billion GO sale in February – a negotiated sale – the State had what is believed to be a record \$900 million in retail orders for a GO bond, a key factor in the overall success of that transaction.

## **\$15 Billion Economic Recovery Bonds Financing Team Members**

<b>Book-Running Senior Manager:</b>	Lehman Brothers
<b>Co-Senior Managers:</b>	Banc of America Securities LLC Bear, Stearns & Co. Citigroup Global Markets, Inc. E.J. De La Rosa & Co., Inc. Goldman, Sachs & Co. JP Morgan Securities Inc. Merrill Lynch & Co. Morgan Stanley & Co., Inc. UBS Financial Services, Inc.
<b>Financial Advisors:</b>	Montague DeRose & Associates Lamont Financial Services Corp.
<b>Bond Counsel:</b>	Orrick Herrington & Sutcliffe
<b>Co-Bond Counsel:</b>	Quateman & Zidell
<b>Disclosure Counsel:</b>	Sidley Austin Brown & Wood
<b>Co-Disclosure Counsel:</b>	Lofton & Jennings
<b>Special Counsel:</b>	Pillsbury Winthrop